



QUARTERLY STATISTICAL & ECONOMIC REPORT,

Executive Summary September 2000

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This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Director, Dr. Seiji F. Naya, heads the department. This report was prepared under the direction of the division administrator, Dr. Pearl Imada Iboshi.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before September 26, 2000.

On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at <http://www.hawaii.gov/dbedt/index.html>.

Beginning in March 2000, the printing of the entire QSER has been discontinued. The full version will be available on-line at <http://www.hawaii.gov/dbedt/qser.html> and an QSER Executive Summary at <http://www.hawaii.gov/dbedt/latest.html> and is available on request by fax or e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division's Business Resource Center at (808) 586-2424.

This report has been catalogued as follows:

Hawaii. Dept. of Business, Economic Development and Tourism. Research and Economic Analysis Division.

Quarterly statistical and economic report-State of Hawaii. Honolulu: 1975-

Quarterly.

1. Hawaii-Statistics.
HA4007.H359

STATE OF THE ECONOMY

Hawaii's economic growth accelerated in the second quarter of 2000. The number of jobs expanded and unemployment fell. Personal income continued its steady rise. Both tax revenues and visitor days were up sharply from the year-earlier quarter.

Civilian employment rose 3.3 percent in the second quarter of 2000 compared to the second quarter of 1999 (Table 1). At the same time, the number of unemployed dropped by almost 25 percent, pushing the unemployment rate down to 4.4 percent for the quarter. This is fully 1.5 percentage points lower than the unemployment rate posted in the second quarter of 1999.

Nonagricultural wage and salary jobs grew at a 2.1 percent rate in the second quarter, with the increase for the first half of the year at 2.0 percent compared to the same period in 1999. Construction jobs have been growing particularly rapidly—up 10.3 percent in the second quarter and up 9.7 percent for the first half of 2000. Relatively strong second-quarter job growth was also seen in hotels and trade. Agricultural wage and salary jobs grew more than 9.0 percent in the first half of the year.

The U.S. Bureau of Economic Analysis released first quarter personal income estimates in July. According to that data, Hawaii's personal income grew by 4.3 percent compared to the first quarter of 1999 (Table B-1). As has been the case for several years, proprietors' income grew particularly quickly: 7.3 percent.

As strong as these results were, they were dwarfed by the strength implied by tax revenues. General fund revenue grew by 7.0 percent in the second quarter; for first half of the year, general fund tax revenues were up 9.2 percent. Most of the growth came from the general excise and use tax (GEUT), a relatively good barometer of the economy. GEUT revenue was up 7.8 percent in the second quarter and up 11.1 percent for the first half of the year.

To some extent, the rise in tax revenues reflects gathering strength in the visitor industry. The number of visitor days rose 9.3 percent in the second quarter from the year-earlier period (Table D-1). Visitor days associated with domestic flights were up 11.0 percent; visitor days from international flights rose 4.4 percent. Relative to the second quarter of 1999, hotel occupancy rates jumped a remarkable 7 percentage points in the second quarter of 2000 to 74.5 percent.

Construction activity has also been strong. The contracting tax base surged by 17.9 percent in the second quarter from the same period in 1999. This followed 19.9 percent growth in the first quarter. In addition, the value of building permits was up by 25.0 percent—suggesting that strong construction growth will continue into next year.

Bankruptcy filings continued the decline begun in the second quarter of 1999. Total bankruptcy filings fell by 15.8 percent over the period.

OUTLOOK OF THE ECONOMY

The outlook for Hawaii's economy remains bright. Economic growth on the Mainland continues to be strong while concerns about inflationary growth have moderated. Japan's economy is still expanding slowly. DBEDT's forecast therefore remains largely unchanged since June with the exception of an increase in expected visitor arrivals over the next two years.

The September 10, 2000, Blue Chip Economic Indicators (a consensus of 50 top U.S. economic forecasters) reported that the expectation for real economic growth in 2000 had risen to 5.2 percent. In our June *Quarterly Statistical and Economic Report* we noted that the Blue Chip forecast was 4.8 percent. For 2001, Blue Chip now expects real gross domestic product to rise by 3.5 percent (compared to the 3.3 percent reported in June).

California, a particularly important market for Hawaii, experienced real personal income growth of 5.0 percent in 1999. The UCLA Anderson Forecast predicts growth of 4.0 percent in 2000 and of 3.2 percent in 2001.

Economic growth in the other major external economy affecting Hawaii is also expected to increase. Japan's economy should grow by 1.5 percent in 2000 and by 1.9 percent in 2001, according to the Blue Chip Indicators. Both forecasts are up slightly from those reported in June.

Elsewhere in Asia, the Blue Chip Indicators raised the forecast for South Korea to

8.3 percent real growth in 2000 and 6.2 percent in 2001. Taiwan's economy should grow by 6.7 percent in 2000 and by 6.2 in 2001. And China's economy is expected to expand by 7.9 percent in 2000 and 7.8 percent in 2001.

The Blue Chip forecast for short-term (3-month Treasury bills) interest rates in 2000 began to fall in July and now stands at 5.9 percent. The 3-month T-bill rate closely follows the federal funds rate, which the Federal Reserve Board targets for monetary policy purposes. This suggests that the Blue Chip forecasters expect some easing in interest rates over the next several months.

At this writing the Japanese yen stands at 106 per dollar. The Blue Chip Indicators expect the yen to average 105.4 in 2000 and to strengthen to 103.1 in 2001. A stronger yen is often good for Hawaii as it increases the purchasing power of Japanese visitors.

In light of these considerations, DBEDT has retained the relatively upbeat forecast issued in June. The following table reports that real personal income and real gross state product are forecast to grow in the 3.5 percent range this year, moderating to 3.0 percent next year. Job growth should come in at about 2.0 percent for the next two years. We have raised our forecast for visitor arrivals to 4.8 percent for 2000 from the 3.8 percent reported in June. Visitor arrivals (largely from domestic flights) have been stronger than expected to date.

ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII: 1998 TO 2003

<i>Economic Indicators</i>	<i>1998 (actual)</i>	<i>1999 (actual)</i>	<i>2000 (forecast)</i>	<i>2001 (forecast)</i>	<i>2002 (forecast)</i>	<i>2003 (forecast)</i>
Total population (in thousands)	1,190.5	1,185.5	1,193.8	1,203.3	1,213.0	1,222.7
Visitor arrivals (in thousands)	6,738.2	6,848.5	7,177.2	7,457.1	7,718.1	7,972.8
Honolulu CPI-U (1982-84=100)	171.5	173.3	176.9	181.2	185.4	189.4
Personal income (in million dollars)	31,814.9 1/	32,653.5 1/	34,506.1	36,394.2	38,162.1	39,976.7
Personal income (in \$1992 million)	28,772.6	29,224.2	30,247.0	31,154.4	31,933.3	32,731.6
Total wage & salary jobs (in thousands)	538.8	541.4	552.7	563.2	571.7	580.2
Gross state product (in million dollars)	36,537.6 2/	37,807.9 2/	39,916.0	41,981.6	43,885.7	45,761.9
Real gross state product (in \$1992 million)	33,428.7	34,257.6	35,466.3	36,487.8	37,342.4	38,154.9
Gross state product deflator (1992=100)	109.3	110.4	112.5	115.1	117.5	119.9
Annual Percentage Change						
Total population (in thousands)	0.1	-0.4	0.7	0.8	0.8	0.8
Visitor arrivals (in thousands)	-2.0	1.6	4.8	3.9	3.5	3.3
Honolulu CPI-U (1982-84=100)	-0.2	1.0	2.1	2.4	2.3	2.2
Personal income (in million dollars)	1.9 1/	2.6 1/	5.7	5.5	4.9	4.8
Personal income (in \$1992 million)	2.2	1.6	3.5	3.0	2.5	2.5
Total wage & salary jobs (in thousands)	0.0	0.5	2.1	1.9	1.5	1.5
Gross state product (in million dollars)	1.9 2/	3.5 2/	5.6	5.2	4.5	4.3
Real gross state product (in \$1992 million)	2.0	2.5	3.5	2.9	2.3	2.2
Gross state product deflator (1992=100)	-0.2	1.0	2.0	2.2	2.1	2.1

1/ Revised by U.S. Bureau of Economic Analysis, September 12, 2000. Due to different estimation methodologies, these annual estimates do not equal the annual averages of quarters as released by BEA on July 25, 2000 and reported in Table B-2. The two series will be reconciled with the October 25th BEA release of updated quarterly estimates.

2/ Revised by Hawaii State Department of Business, Economic Development & Tourism, July 2000.

Source: Hawaii State Department of Business, Economic Development & Tourism, September 2000.

COUNTY ECONOMIC CONDITIONS

Recently, Hawaii's economic strength has been led by the Neighbor Islands. To a degree, that continued in the second quarter of 2000. But in some categories the City & County of Honolulu also showed strong growth. Overall, it appears that the economic expansion has spread to all counties.

In percentage terms, civilian employment and wage and salary job growth are still highest in the Neighbor Island counties. Civilian employment has grown at rates in excess of 5.0 percent this year in all counties except Honolulu (Table 3-5). The growth in the City & County of Honolulu was 2.5 percent in the second quarter of 2000 (Table 2).

Similarly, nonagricultural wage and salary jobs have grown the fastest in Hawaii County (3.7 percent through the first half of 2000 compared to the same period in 1999). Kauai County and Maui County have followed with growth rates of 3.1 percent and 2.8 percent, respectively. the City & County of Honolulu nonagricultural job growth has been 1.6 percent through the first half of the year.

However, the City & County of Honolulu has enjoyed the lowest unemployment rates—3.8 percent in the second quarter. This was almost 1.5 percentage points lower than the same period in 1999. Maui County followed with a 4.4 percent second-quarter unemployment rate. Hawaii County and Kauai County had rates of 7.2 percent and 6.2 percent, respectively.

While Neighbor Island county unemployment rates were higher than in the City & County of Honolulu, their rates generally declined more.

Much of the growth in jobs has come from the construction sector. Hawaii County has seen a 43.2 percent increase in construction jobs in the first half of the year compared to the first half of 1999. Maui County's construction jobs were up 19.6 percent over the same period. While construction jobs in the City & County of Honolulu were up 4.1 percent, Kauai County has seen no growth in such jobs over the period.

Kauai County did experience the largest percentage increases in agricultural and retail trade jobs in the first half of the year. Hotel job increases were also strong on Kauai (4.2 percent) and Maui (5.0 percent). Hawaii County enjoyed an 8.6 percent jump in health services jobs.

The City & County of Honolulu and Kauai County experienced the largest increases in visitor arrivals in the second quarter (8.9 percent and 6.1 percent, respectively). Hawaii County and Maui County had smaller, but respectable increases (4.1 percent and 3.7 percent, respectively). Hotel occupancy rates in all counties jumped sharply in the second quarter, from a 6.4 percentage point rise in Kauai County to a 9.2 percentage point increase in Hawaii County.

Table 1. 2000 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII

SERIES	UNIT	2nd QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	603,800	1.7	602,400	1.7
Civilian employment	Persons	577,150	3.3	575,200	3.2
Civilian unemployment	Persons	26,700	-24.5	27,250	-22.6
Unemployment rate 2/	%	4.4	-1.5	4.5	-1.4
Total non-agric. wage & salary jobs 1/	Jobs	545,800	2.1	542,100	2.0
Contract construction	Jobs	23,600	10.3	23,200	9.7
Manufacturing	Jobs	16,750	2.1	16,700	2.8
Transport., comm., utilities	Jobs	41,250	0.6	41,100	0.9
Trade	Jobs	134,500	2.0	134,150	2.1
Retail	Jobs	112,950	1.8	112,750	2.1
Finance, insur., & real estate	Jobs	34,600	-1.1	34,500	-1.6
Services & miscellaneous	Jobs	177,050	1.4	176,250	1.7
Hotels	Jobs	38,250	3.1	37,950	2.0
Health	Jobs	35,850	0.3	35,850	1.0
Government	Jobs	118,050	3.1	116,200	2.2
Federal	Jobs	31,850	5.3	31,200	3.5
State	Jobs	69,700	2.7	68,600	2.2
Local	Jobs	16,500	0.6	16,400	0.0
Agriculture wage & salary jobs 1/	Jobs	7,800	7.6	7,800	9.1
State general fund revenues	\$1,000	787,612	7.0	1,553,402	9.2
General excise and use tax revenues	\$1,000	393,873	7.8	816,095	11.1
Income-individual	\$1,000	278,567	0.8	525,697	2.1
Declaration of estimated taxes	\$1,000	90,171	1.4	148,983	15.0
Payment with returns	\$1,000	64,651	-2.0	75,295	-4.1
Withholding tax on wages	\$1,000	250,020	6.6	506,268	2.9
Refunds	\$1,000	126,275	11.8	204,850	10.8
Transient accommodations tax	\$1,000	45,631	15.7	91,848	19.8
Visitor arrivals by air 3/	Persons	1,749,438	8.3	3,472,429	5.1
Domestic flight visitors	Persons	1,164,747	10.1	2,236,674	7.5
International flight visitors	Persons	584,691	4.8	1,235,755	0.9
Hotel occupancy rates 2/	%	74.5	7.0	76.4	4.2

1/ Labor force and jobs are averages based on monthly rounded data.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

**Table 2. 2000 SELECTED ECONOMIC ACTIVITIES:
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	2nd QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	429,600	1.1	428,450	1.0
Civilian employment	Persons	413,150	2.5	411,450	2.3
Civilian unemployment	Persons	16,450	-25.6	17,000	-23.1
Unemployment rate 2/	%	3.8	-1.4	4.0	-1.2
Total non-agric. wage & salary jobs 1/	Jobs	407,900	1.7	404,900	1.6
Contract construction	Jobs	16,900	6.6	16,450	4.1
Manufacturing	Jobs	13,100	3.1	13,050	3.6
Transport., comm., utilities	Jobs	31,850	-0.2	31,800	0.0
Trade	Jobs	98,050	2.5	97,750	2.6
Retail	Jobs	80,650	2.2	80,450	2.4
Finance, insur., & real estate	Jobs	27,550	-1.8	27,500	-2.0
Services & miscellaneous	Jobs	125,850	1.1	125,350	1.5
Hotels	Jobs	16,250	0.9	16,200	0.0
Health	Jobs	28,950	0.5	28,950	0.7
Government	Jobs	94,600	2.5	93,150	1.7
Federal	Jobs	29,450	3.5	29,000	2.1
State	Jobs	53,900	2.7	52,900	2.0
Local	Jobs	11,250	-0.4	11,250	-0.4
Agriculture wage & salary jobs 1/	Jobs	2,150	0.0	2,150	0.0
General excise and use tax revenues	\$1,000	320,682	6.9	669,368	10.6
Income-individual	\$1,000	243,038	2.2	456,878	1.2
Declaration of estimated taxes	\$1,000	67,785	0.5	107,265	11.1
Payment with returns	\$1,000	49,449	-2.7	57,647	-5.3
Withholding tax on wages	\$1,000	220,979	6.7	446,313	3.1
Refunds	\$1,000	95,174	8.7	154,346	11.1
Transient accommodations tax	\$1,000	33,637	16.9	67,556	17.9
Visitor arrivals by air 3/	Persons	1,188,653	8.9	2,371,009	4.4
Domestic flight visitors	Persons	646,674	10.7	1,236,509	9.7
International flight visitors	Persons	541,979	6.8	1,134,500	-0.8
Hotel occupancy rates 2/	%	73.4	6.5	75.6	4.4

NA Not available.

1/ Labor force and jobs are averages based on monthly rounded data.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 3. 2000 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY

SERIES	UNIT	2nd QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	71,100	2.7	71,100	3.3
Civilian employment	Persons	65,950	5.6	66,150	5.8
Civilian unemployment	Persons	5,150	-24.3	4,900	-22.8
Unemployment rate 2/	%	7.2	-2.6	6.9	-2.3
Total non-agric. wage & salary jobs 1/	Jobs	52,700	3.6	52,650	3.7
Contract construction	Jobs	3,050	35.6	3,150	43.2
Manufacturing	Jobs	1,450	-6.5	1,500	-3.2
Transport., comm., utilities	Jobs	2,950	3.5	2,900	1.8
Trade	Jobs	13,350	0.4	13,350	0.0
Retail	Jobs	11,100	-0.9	11,150	-0.9
Finance, insur., & real estate	Jobs	2,600	-1.9	2,650	0.0
Services & miscellaneous	Jobs	18,000	2.3	18,100	3.1
Hotels	Jobs	6,500	0.8	6,550	0.8
Health	Jobs	3,150	5.0	3,150	8.6
Government	Jobs	11,250	6.1	11,050	4.7
Federal	Jobs	1,150	35.3	1,100	29.4
State	Jobs	7,800	4.7	7,700	3.4
Local	Jobs	2,300	2.2	2,250	0.0
Agriculture wage & salary jobs 1/	Jobs	2,350	4.4	2,400	9.1
General excise and use tax revenues	\$1,000	28,113	19.1	56,301	18.6
Income-individual	\$1,000	15,763	-4.8	28,229	0.3
Declaration of estimated taxes	\$1,000	9,096	2.4	15,727	18.1
Payment with returns	\$1,000	6,460	1.1	7,564	0.2
Withholding tax on wages	\$1,000	12,149	10.9	24,022	-0.6
Refunds	\$1,000	11,941	23.4	19,084	13.2
Transient accommodations tax	\$1,000	2,862	25.8	5,695	23.6
Visitor arrivals by air 3/	Persons	318,250	4.1	643,198	2.1
Domestic flight visitors	Persons	240,628	5.1	474,226	1.0
International flight visitors	Persons	77,622	-1.5	168,972	5.5
Hotel occupancy rates 2/	%	68.0	9.2	71.6	5.2

NA Not available.

1/ Labor force and jobs are averages based on monthly rounded data.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 4. 2000 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY

SERIES	UNIT	2nd QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	73,350	3.5	73,150	3.4
Civilian employment	Persons	70,150	5.2	69,750	5.1
Civilian unemployment	Persons	3,250	-23.5	3,400	-21.8
Unemployment rate 2/	%	4.4	-1.6	4.6	-1.5
Total non-agric. wage & salary jobs 1/	Jobs	59,900	2.8	59,450	2.8
Contract construction	Jobs	2,750	14.6	2,750	19.6
Manufacturing	Jobs	1,700	0.0	1,750	2.9
Transport., comm., utilities	Jobs	4,650	3.3	4,600	3.4
Trade	Jobs	15,900	0.6	15,850	0.6
Retail	Jobs	14,450	1.0	14,450	1.4
Finance, insur., & real estate	Jobs	3,150	1.6	3,100	0.0
Services & miscellaneous	Jobs	23,750	2.4	23,500	2.0
Hotels	Jobs	11,700	6.8	11,500	5.0
Health	Jobs	2,350	-4.1	2,350	0.0
Government	Jobs	8,050	5.9	7,900	3.9
Federal	Jobs	750	36.4	700	27.3
State	Jobs	5,400	2.9	5,350	2.9
Local	Jobs	1,900	2.7	1,850	0.0
Agriculture wage & salary jobs 1/	Jobs	2,350	14.6	2,300	15.0
General excise and use tax revenues	\$1,000	34,522	6.7	69,243	10.1
Income-individual	\$1,000	14,607	-9.3	30,266	16.5
Declaration of estimated taxes	\$1,000	9,738	5.4	19,416	35.4
Payment with returns	\$1,000	5,752	-5.2	6,646	-5.5
Withholding tax on wages	\$1,000	12,294	3.0	26,540	4.6
Refunds	\$1,000	13,177	18.1	22,336	7.6
Transient accommodations tax	\$1,000	7,542	6.9	15,461	24.7
Visitor arrivals by air 3/	Persons	591,050	3.7	1,148,560	1.5
Domestic flight visitors	Persons	489,806	3.9	933,124	-0.2
International flight visitors	Persons	101,244	2.6	215,436	9.2
Hotel occupancy rates 2/ 4/	%	80.4	6.5	82.3	3.2

NA Not available.

1/ Labor force and jobs are averages based on monthly rounded data.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

4/ Data represent Maui Island only.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 5. 2000 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY

SERIES	UNIT	2nd QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	29,800	3.7	29,800	4.0
Civilian employment	Persons	27,950	5.3	27,850	5.9
Civilian unemployment	Persons	1,850	-15.9	1,950	-17.0
Unemployment rate 2/	%	6.2	-1.4	6.5	-1.7
Total non-agric. wage & salary jobs 1/	Jobs	25,300	2.2	25,100	3.1
Contract construction	Jobs	850	-10.5	900	0.0
Manufacturing	Jobs	450	0.0	450	0.0
Transport., comm., utilities	Jobs	1,800	2.9	1,800	5.9
Trade	Jobs	7,250	3.6	7,200	3.6
Retail	Jobs	6,750	3.8	6,700	3.9
Finance, insur., & real estate	Jobs	1,300	4.0	1,300	4.0
Services & miscellaneous	Jobs	9,450	1.6	9,350	1.6
Hotels	Jobs	3,750	2.7	3,750	4.2
Health	Jobs	1,450	-6.5	1,450	-3.3
Government	Jobs	4,200	3.7	4,150	3.8
Federal	Jobs	450	12.5	450	28.6
State	Jobs	2,650	0.0	2,650	1.9
Local	Jobs	1,050	5.0	1,050	5.0
Agriculture wage & salary jobs 1/	Jobs	1,000	25.0	1,000	25.0
General excise and use tax revenues	\$1,000	10,557	12.5	21,181	12.4
Income-individual	\$1,000	5,159	-13.3	10,322	9.7
Declaration estimated taxes	\$1,000	3,552	6.6	6,573	22.7
Payment with returns	\$1,000	2,990	10.7	3,438	10.8
With holding tax on wages	\$1,000	4,599	1.1	9,395	0.2
Refunds	\$1,000	5,982	29.2	9,083	7.8
Transient accommodations tax	\$1,000	1,590	21.0	3,136	33.3
Visitor arrivals by air 3/	Persons	281,801	6.1	540,239	4.8
Domestic flight visitors	Persons	236,028	0.2	440,077	-2.1
International flight visitors	Persons	45,773	52.9	100,162	51.7
Hotel occupancy rates 2/	%	75.1	6.4	73.2	3.4

1/ Labor force and jobs are averages based on monthly rounded data.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

A. LABOR FORCE AND JOBS

To judge by the labor market, Hawaii's economy accelerated in the second quarter. The civilian labor force, civilian employment, and nonagricultural jobs all reached historical highs. Unemployment continued to fall. And jobs in important sectors such as construction, retail trade, hotels, and services expanded.

The civilian labor force, a measure of the workforce in Hawaii, reached the historical high of nearly 604,000 in the second quarter (Table A-1). At the same time, second-quarter civilian unemployment was lower than at any time since 1993 (Table A-3). Recent unemployment declines therefore seem clearly attributable to economic growth rather than discouraged workers leaving the labor force.

Civilian employment rose by 3.3 percent from the second quarter of 1999 to the second quarter of 2000 (Table A-2). At the same time, non-agricultural wage and salary jobs expanded by 2.1 percent over the period (Table A-5). Both measures of the labor market hit historical highs in the second quarter. Moreover, the unusual period of divergence (when civilian employment rose and nonagricultural jobs fell) has ended. Employment and jobs have been rising together since early 1999.

Construction jobs jumped 10.3 percent in the second quarter compared to the year-earlier quarter (Table A-6). This followed annual growth of 8.8 percent in the first quarter. At this rate, construction jobs growth will finish the year at a rate unseen since 1990.

The two largest jobs sectors reached record or near-record levels in the second

quarter. Retail trade jobs grew by 1.8 percent from the second quarter 1999 to the second quarter 2000 (Table A-11). Services jobs grew by 1.4 percent over the same period (Table A-14). At 112,950, second-quarter retail trade jobs were just under the 1997 peak. At 177,050, services jobs have never been higher.

Other industries in which jobs expanded in the second quarter included transportation (+0.6 percent, Table A-8), wholesale trade (+2.9 percent, Table A-12), and hotels (+3.1 percent, Table A-15). Job losses occurred in utilities (-1.5 percent, Table A-10), and finance, insurance, and real estate (-1.1 percent, Table A-13).

Both manufacturing and agricultural jobs grew again in the second quarter. Manufacturing jobs increased by 2.1 percent (Table A-7). This was the fifth consecutive quarter of growth—a phenomenon not seen in Hawaii since before 1972. Agricultural wage and salary jobs rose by 7.6 percent, or 550 jobs. Other than 1998, second-quarter agricultural jobs have not risen that amount since 1987. Both manufacturing and agricultural jobs seem to have halted their long-term decline since the 1970s.

Government jobs also expanded in the second quarter. Federal government jobs grew by 5.3 percent with the growth concentrated in non-military civilian jobs (Table A-16). This growth was due in part to the needs of the decennial Census. State government jobs rose by 2.7 percent, with much of the growth in education. Local government jobs inched up by 0.6 percent (Table A-17).

B. INCOME AND PRICES

Hawaii's personal income continued to accelerate in the first quarter of 2000. Most of the growth took place in wages and salaries, but there was also very strong growth in proprietors' income. All industries experienced an increase in earnings on a year-over-year basis.

The U.S. Bureau of Economic Analysis reported that first quarter 2000 personal income in Hawaii expanded by 4.3 percent compared to the same period in 1999 (Table B-2). Other than the third quarter of 1999, this was the fastest year-over-year rate of growth since 1993.

More than 60 percent of the rise in personal income came from growth in the large wages and salaries component. Wages and salaries grew by 4.7 percent from the first quarter of 1999 through the first quarter of 2000 (Table B-3).

Proprietors' income, a measure of the self-employed sector, jumped by 7.3 percent over the period (Table B-5). This was the second-largest contributor to total personal income growth in the first quarter. Proprietor's income has not seen such high growth since 1993.

Growth in dividends, interest, and rent, and in transfer payments together contributed about 25 percent of the personal income

growth. Income in the form of dividends, interest, and rent rose by 3.0 percent from the first quarter of 1999 to the first quarter of 2000 (Table B-6). Transfer payments increased by 4.1 percent over the same period (Table B-7).

Earnings grew in all the major industry groups over the period (Table B-1). In the private sector (adjusting for size of the industry), the greatest contributors to earnings growth came from services (5.9 percent), construction (13.9 percent), and retail trade (6.5 percent).

Earnings also expanded in the public sector—though not as quickly as in the private sector. State and local government earnings rose by 2.6 percent. Federal civilian earnings increased by 3.8 percent and there was a small rise in military earnings.

Finally, the U.S. Bureau of Labor Statistics recently released its estimate of Honolulu consumer price inflation for the first half of 2000. Compared to the first half of 1999, consumer prices rose 1.9 percent in Honolulu (Table B-9). Education and communication, transportation, and medical care had the largest price increases. Using this information, the inflation-adjusted (real) personal income growth for Hawaii in the first quarter was approximately 2.4 percent.

Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Annual average 1998	First Quarter 1999	Fourth Quarter 1999	Annual average 1999	First Quarter 2000	Percentage change		
						To First Quarter 2000 From		Annual average
						Fourth Quarter 1999	First Quarter 1999	1999 from 1998
PERSONAL INCOME	31,856	32,421	33,273	32,957	33,807	1.6	4.3	3.5
Earnings By Place of Work	23,310	23,724	24,394	24,185	24,820	1.7	4.6	9.7
Wage and salary disbursements	17,743	18,043	18,567	18,411	18,893	1.8	4.7	3.8
Other labor income	3,090	3,130	3,153	3,163	3,189	1.1	1.9	2.4
Proprietors' income	2,477	2,551	2,674	2,612	2,738	2.4	7.3	5.5
Farm proprietors' income	1	11	7	9	9	28.6	-18.2	620.0
Nonfarm proprietors' income	2,475	2,540	2,667	2,603	2,728	2.3	7.4	5.2
Dividends, interest, and rent	6,019	6,107	6,227	6,162	6,289	1.0	3.0	2.4
Transfer payments	3,794	3,876	3,959	3,914	4,033	1.9	4.1	3.2
Less: Pers. cont. for social insur.	1,266	1,286	1,307	1,304	1,334	2.1	3.7	3.0
Earnings By Industry	23,310	23,724	24,394	24,186	24,820	1.7	4.6	3.8
Farm Earnings	164	179	180	179	183	1.7	2.2	9.1
Nonfarm Earnings	23,145	23,545	24,214	24,006	24,637	1.7	4.6	3.7
Private Earnings	16,035	16,225	16,844	16,549	17,152	1.8	5.7	3.2
Ag. serv., forestry, fishing & oth	137	138	153	148	154	0.7	11.6	7.5
Mining	19	17	18	18	18	0.0	5.9	-4.0
Construction	1,325	1,284	1,348	1,310	1,463	8.5	13.9	-1.2
Manufacturing	717	723	763	739	724	-5.1	0.1	3.1
Transport. and public utilities	1,816	1,867	1,905	1,878	1,947	2.2	4.3	3.4
Wholesale trade	808	828	854	840	872	2.1	5.3	3.9
Retail trade	2,527	2,565	2,685	2,633	2,731	1.7	6.5	4.2
Finance, insur., and real estate	1,991	2,047	2,056	2,063	2,089	1.6	2.1	3.6
Services	6,695	6,756	7,064	6,922	7,153	1.3	5.9	3.4
Gov't and gov't enterprises	7,110	7,321	7,370	7,457	7,484	1.5	2.2	4.9
Federal, civilian	1,787	1,863	1,887	1,877	1,934	2.5	3.8	5.0
Military	2,300	2,304	2,245	2,272	2,315	3.1	0.5	-1.2
State and local	3,023	3,154	3,238	3,309	3,235	-0.1	2.6	9.5

Data for 1999 Q1 through 1999 Q4 have been revised. Due to different estimation methodologies, these annual estimates calculated as the average of the quarters do not equal the annual estimates released by BEA on September 12, 2000 and as reported here in the Outlook table. The two series will be reconciled with the October 25th BEA release of updated quarterly estimates.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data: July 25, 2000, <<http://www.bea.doc.gov/bea/regional/sq/sq5prn.exe>> and <<http://www.bea.doc.gov/bea/newsrel/spi0700.html>>, and tabulations by the Hawaii State Department of Business, Economic Development & Tourism.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,
ALL URBAN CONSUMERS (CPI-U)**

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	170.7	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	2.9	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
1995H1	3.0	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.6	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	3.2	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

Source: U.S. Bureau of Labor Statistics, <<http://stats.bls.gov>>, Fax-on-Demand (415) 975-4567, and Information (415) 975-4350.

C. TAX REVENUES

While not as rapid as in the first quarter, tax revenues continued to grow at a strong pace in the second quarter 2000. Revenues from the general excise and use tax and corporate income tax showed the largest gains. Reflecting relatively strong visitor activity in recent months, transient accommodations tax revenue was also up sharply.

General fund revenues grew by 7.0 percent from the second quarter of 1999 to the second quarter of 2000 (Table C-2). Following the strong growth in the first quarter, this means that general fund revenues were up more than 9.2 percent in the first half of the calendar year.

Adjusting for size of the components, most of the second-quarter growth came from the 7.8 percent increase in general excise and use tax (GEUT) revenue over the period (Table C-3). This was the highest second-quarter growth in GEUT revenue since 1990.

Net individual income tax revenues rose a modest 0.8 percent in the second quarter of 2000 compared to the year-earlier quarter (Table C-4). This followed 3.6 percent growth in the first quarter. While

there was relatively strong growth in withholding on wages (Table C-7) and modest growth in the individual declaration of estimated taxes (Table C-5), payments with returns (Table C-6) were down, and refunds (Table C-8) rose by 11.8 percent.

Corporate income tax revenue was the second-largest source of growth in general fund revenue during the second quarter. Net corporate income tax revenue grew by 40.6 percent from the second quarter of 1999 to the second quarter of 2000 (Table C-9). Most of the growth came from higher declarations of estimated taxes (Table C-10), but there was also some reduction in refunds (Table C-12). Drawing inferences about economic activity from corporate income tax revenue is difficult however, because this source of revenue is notoriously volatile.

Transient accommodations tax (TAT) revenue jumped by 15.7 percent in the second quarter (Table C-13). This probably reflects the relative strength in visitor activity over the quarter. The effects of the increase in rates that began in January 1999 should no longer be affecting year-to-year revenue growth.

Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS

<i>Year</i>	<i>General Excise and Use Tax</i>	<i>Net Individual Income Tax 1/</i>	<i>Net Corporate Income Tax 2/</i>	<i>Tax Revenues Distributed to State General Fund</i>
In Thousands of Dollars				
1990	1,250,203	743,114	86,269	2,246,752
1991	1,287,819	1,174,144	70,568	2,397,289
1992	1,299,814	922,206	42,737	2,523,670
1993	1,308,797	951,405	22,239	2,555,912
1994	1,347,945	1,003,480	34,228	2,672,291
1995	1,386,684	918,811	37,336	2,614,713
1996	1,469,766	995,456	51,243	2,799,972
1997	1,433,012	985,000	55,594	2,756,621
1998	1,436,654	1,093,241	50,112	2,889,291
1999	1,454,731	1,053,858	47,692	2,841,290
1997 1 Qtr.	365,069	227,409	18,055	688,683
2 Qtr.	366,563	213,468	32,330	676,222
3 Qtr.	356,533	269,597	10,594	704,749
4 Qtr.	344,846	274,526	-5,386	686,967
1998 1 Qtr.	375,018	247,815	10,592	714,466
2 Qtr.	348,955	291,713	30,408	743,003
3 Qtr.	360,313	283,430	15,479	738,957
4 Qtr.	352,368	270,283	-6,368	692,866
1999 1 Qtr.	369,292	238,606	7,428	686,437
2 Qtr.	365,306	276,392	26,104	735,905
3 Qtr.	372,436	277,965	14,119	735,969
4 Qtr.	347,698	260,895	41	682,978
2000 1 Qtr.	422,222	247,130	17,358	765,790
2 Qtr.	393,873	278,567	36,696	787,612
Percentage Change from the Same Period in Previous Year				
1991	3.0	21.2	-18.2	6.7
1992	0.9	2.4	-39.4	5.3
1993	0.7	3.2	-48.0	1.3
1994	3.0	5.5	53.9	4.6
1995	2.9	-8.4	9.1	-2.2
1996	6.0	8.3	37.2	7.1
1997	-2.5	-1.1	8.5	-1.5
1998	0.3	11.0	-9.9	4.8
1999	1.3	-3.6	-4.8	-1.7
1997 1 Qtr.	-5.6	-6.1	16.9	-5.0
2 Qtr.	2.6	-2.0	14.1	1.3
3 Qtr.	-5.9	-2.6	6.9	-4.6
4 Qtr.	-0.5	6.2	-119.3	2.8
1998 1 Qtr.	2.7	9.0	-41.3	3.7
2 Qtr.	-4.8	36.7	-5.9	9.9
3 Qtr.	1.1	5.1	46.1	4.9
4 Qtr.	2.2	-1.5	-18.3	0.9
1999 1 Qtr.	-1.5	-3.7	-29.9	-3.9
2 Qtr.	4.7	-5.3	-14.2	-1.0
3 Qtr.	3.4	-1.9	-8.8	-0.4
4 Qtr.	-1.3	-3.5	100.6	-1.4
2000 1 Qtr.	14.3	3.6	133.7	11.6
2 Qtr.	7.8	0.8	40.6	7.0

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment.

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

Individual income tax rates changed effective January 1, 1999.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

Source: Hawaii State Department of Taxation.

D. TOURISM

Visitor statistics showed continued tourism-sector strength in the second quarter. Most of this growth was from visitors traveling on domestic flights. DBEDT has recently modified Hawaii's visitor data, but comparable data prior to 1999 are not yet available. The Department expects to release data for earlier years soon.

The number of visitor days increased by 9.3 percent from the second quarter of 1999 to the second quarter of 2000 (Table D-1). Visitor days are the product of the number of visitor arrivals and the average length of stay. The second-quarter increase reflected a sharp acceleration from the year-over-year first quarter growth of 1.7 percent.

Most of the visitor days increase was due to the 11.0 percent increase in visitor days from passengers on domestic flights. Visitor days by travelers on international flights rose by 4.4 percent—sharply up from the first-quarter year-over-year decline of 5.5 percent.

In both domestic and international cases, the increase in visitor days was mainly due to growth in visitor arrivals. Arrivals on domestic flights were up 10.1 percent in the second quarter of 2000 compared to the year-earlier period. International-flight visitor arrivals were up 4.8 percent. Overall, visitor arrival numbers grew 8.3 percent in the second quarter.

Average length of stay rose by 1.1 percent from the second quarter of 1999 through the second quarter of 2000.

Domestic-flight length of stay was up 0.8 percent. Lengths of stay by international-flight travelers fell by a slight 0.5 percent.

Hotel occupancy rates rose sharply in the second quarter. Hotel occupancy rates averaged 74.5 percent in the second quarter—compared to 67.5 percent in the same period last year (Table D-2). Second-quarter occupancy rates have not been this high since 1990.

Readers will recognize that these data differ from those reported in the past. The current format reflects revisions in methodology that should substantially improve the accuracy of the data. However, as noted above, these data are not comparable with pre-1999 figures. Readers interested in reviewing the new data in detail can find them at

<<http://www.hawaii.gov/dbedt/monthly/index.html>>.

Readers interested in reviewing the earlier, now obsolete, data can find them in previous versions of this publication <<http://www.hawaii.gov/dbedt/qser.html>>.

Those interested in monthly component-detail data can find the data on the Selected Economic Activities web page <http://www.hawaii.gov/dbedt/sea.html>.

Earlier data that are comparable with those presented in Table D-1 will be released soon. These historical data will accompany a more detailed description of the revisions and their motivation.

Table D-1. VISITOR ARRIVALS, AVERAGE LENGTH OF STAY, AND AVERAGE DAILY VISITOR CENSUS, BY AIR

	1999		2000		% Change Year Ago	
	First Quarter	Second Quarter	First Quarter	Second Quarter	2000 1st Quarter	2000 2nd Quarter
Visitor Days						
Total Days	15,906,300	13,758,290	16,175,820	15,036,840	1.7	9.3
Domestic Flights	10,811,340	10,272,080	11,359,780	11,397,750	5.1	11.0
International Flights	5,094,960	3,486,210	4,816,040	3,639,090	-5.5	4.4
Total Domestic and International Flight Arrivals						
Total Arrivals	1,689,881	1,615,842	1,722,991	1,749,438	2.0	8.3
Domestic Flight Arrivals	1,022,870	1,058,106	1,071,927	1,164,747	4.8	10.1
International Flight Arrivals	667,011	557,736	651,064	584,691	-2.4	4.8
Average Length of Stay						
Total	9.41	8.51	9.39	8.60	-0.2	1.1
Domestic Flights	10.57	9.71	10.60	9.79	0.3	0.8
International Flights	7.64	6.25	7.40	6.22	-3.1	-0.5
Average Daily Census						
Total Census	176,740	151,190	177,750	165,240	0.6	9.3
Domestic Flights	120,130	112,880	124,830	125,250	3.9	11.0
International Flights	56,610	37,890	52,920	39,550	-6.5	4.4

Source: Department of Business, Economic Development & Tourism, Research and Economic Analysis Division.

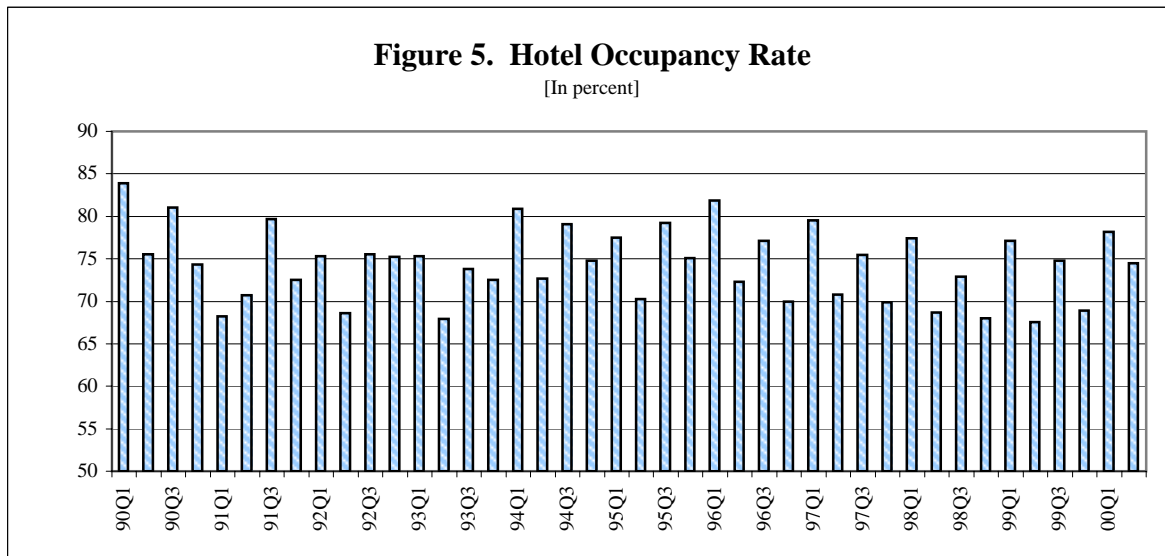
Table D-2. HOTEL OCCUPANCY RATE

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	68.0	71.5
1999	77.1	67.5	74.8	68.9	72.1
2000	78.2	74.5	(NA)	(NA)	(NA)

NA Not available.

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and PricewaterhouseCoopers monthly averages from February 1995.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Smith Travel Research, PricewaterhouseCoopers LLP.



E. CONSTRUCTION

In the second quarter of 2000, construction activity extended the rapid pace set in the first quarter. Measures of current construction activity are up sharply this year. This trend may continue into next year as increases in building permits have continued on top of the already-strong results in 1999.

The contracting portion of the general excise and use tax base, a direct measure of current building activity, was up 17.9 percent in the second quarter of 2000 compared to the second quarter of 1999 (Table E-1). This followed a 19.9 percent growth in the first quarter. Construction jobs grew 10.3 percent in the second quarter, following 8.8 percent growth in the first quarter (Table A-6). The strong performance this year seems to be the follow-through on the sharp rise in building permits that Hawaii experienced last year.

The value of building permits increased 25.0 percent in the second quarter. Most of the growth came from a 27.1 percent increase in residential permits and a 41.3 percent rise in permits for additions and alterations. Commercial and industrial permits were essentially unchanged from last year's second quarter.

For single family homes, the number (as opposed to the value) of building permits rose at double-digit rates for the third straight quarter. The number of single family home permits grew by 29.8 percent in the second quarter from the same period last year (Table E-2). The number of multi-family permits declined sharply however (Table E-3). The decline reflected the

relatively large number of multi-family permits in the second quarter of 1999 associated with development near Halawa on Oahu and in Hualalai on the Big Island.

The largest second-quarter percentage increases in permit values came in Maui County, at 50.5 percent, and Hawaii County, with 36.2 percent (Table E-6). Maui County's activity included development on Lanai and time-share construction. Hawaii County permits were primarily for single-family residences. The City & County of Honolulu and Kauai County saw permit values rise 13.4 percent and 10.3 percent, respectively, in the second quarter.

The housing market has also begun to tighten. Average sales prices for single family homes rose 16.1 percent in the second quarter compared to the year-earlier quarter (Table E-7). Prices have not risen at this pace since 1990. Condominium prices rose less quickly, with average prices up 6.3 percent in the second quarter (Table E-8). Interestingly, this pattern was reversed with respect to the number of transactions: Condominium sales have been growing much faster than single family home sales (Tables E-9 and E-10).

Certainly for the second quarter, the increased construction activity was largely a private-sector phenomenon. State capital improvement expenditures fell by 26.1 percent in second quarter from the year-earlier period (Table E-11). Moreover, government contracts awarded were down 7.7 percent (Table E-1).

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,
NEW PRIVATE BUILDING AUTHORIZATIONS, AND
GOVERNMENT CONTRACTS AWARDED**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999 3/	2,991.2	1,320.2	628.8	306.2	385.3	584.8
1997 1 Qtr.	685.9	258.9	88.4	72.8	97.8	181.8
2 Qtr.	777.1	425.6	220.8	93.6	111.9	121.6
3 Qtr.	734.1	266.0	132.8	46.8	86.3	200.9
4 Qtr.	747.3	228.7	100.5	51.3	76.2	111.3
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 3/ 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 3/ 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Honolulu C & C construction data were revised from October 1999 to June 2000.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,
NEW PRIVATE BUILDING AUTHORIZATIONS, AND
GOVERNMENT CONTRACTS AWARDED - Con.**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999 4/	-0.8	25.2	29.5	48.9	6.1	-14.7
1997 1 Qtr.	-16.8	-7.7	-25.3	-7.2	16.8	-43.1
2 Qtr.	-4.6	58.7	122.5	49.8	5.0	55.9
3 Qtr.	-12.5	-24.5	-25.3	-27.7	-21.4	-37.9
4 Qtr.	-7.5	5.8	10.1	8.7	-5.8	-32.3
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 4/ 1 Qtr.	3/ -3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	3/ 4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	3/ -4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	3/ 0.7	38.8	48.9	-13.0	57.7	-15.1
2000 4/ 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Subject to revision by Hawaii State Department of Taxation.

4/ Honolulu C & C construction data were revised from October 1999 to June 2000.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

F. OTHER INDICATORS

For the fifth straight quarter, bankruptcy filings fell in Hawaii in the second quarter of 2000. Both Chapter 7 and 11 filings declined, however Chapter 13 filings rose.

Total bankruptcy filings dropped by 15.8 percent from the second quarter 1999 to the second quarter 2000 (Table F-1).

Most of the decline came in Chapter 7 filings, which involve the liquidation of assets and the discharge of some debt. The number of Chapter 7 filings was down by 17.6 percent over the period.

Chapter 11 filings also declined from 9 in the second quarter of 1999 to 4 in the second quarter 2000. Chapter 11 filings

involve the structuring of repayment plans for companies.

On the other hand, Chapter 13 filings rose over the period. Chapter 13 filings increased 12.1 percent in the second quarter 2000 from the year-earlier period. Chapter 13 bankruptcy allows debtors to workout repayment arrangements with creditors.

The decline in bankruptcy filings in Hawaii has been mirrored by similar declines for the nation as a whole. U.S. bankruptcy filings fell 7.0 percent from the second quarter of 1999 through the second quarter 2000. Quarterly U.S. bankruptcy statistics can be found at http://www.uscourts.gov/Press_Releases/pres_s_8112000.pdf.

Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)
(percentage change from same period previous year)

